



Ukraine in Focus

Insights and Facts

RRR4U



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The [RRR4U](#) (Resilience, Reconstruction and Relief for Ukraine) consortium is a partnership of four Ukrainian civil society organizations with financial support from the Open Society Foundations and the International Renaissance Foundation. The consortium members are the Center for Economic Strategy, the Institute for Economic Research and Political Consultations, the Institute for Analytics and Advocacy, and the DiXi Group.

Key Facts



Territory: before the war, Ukraine covered 603,700 km²; currently, 20% is occupied and annexed by Russia.

Population:

45.4 million

December 2013

41.2 million

Pre-invasion (2022)

31.5 million*

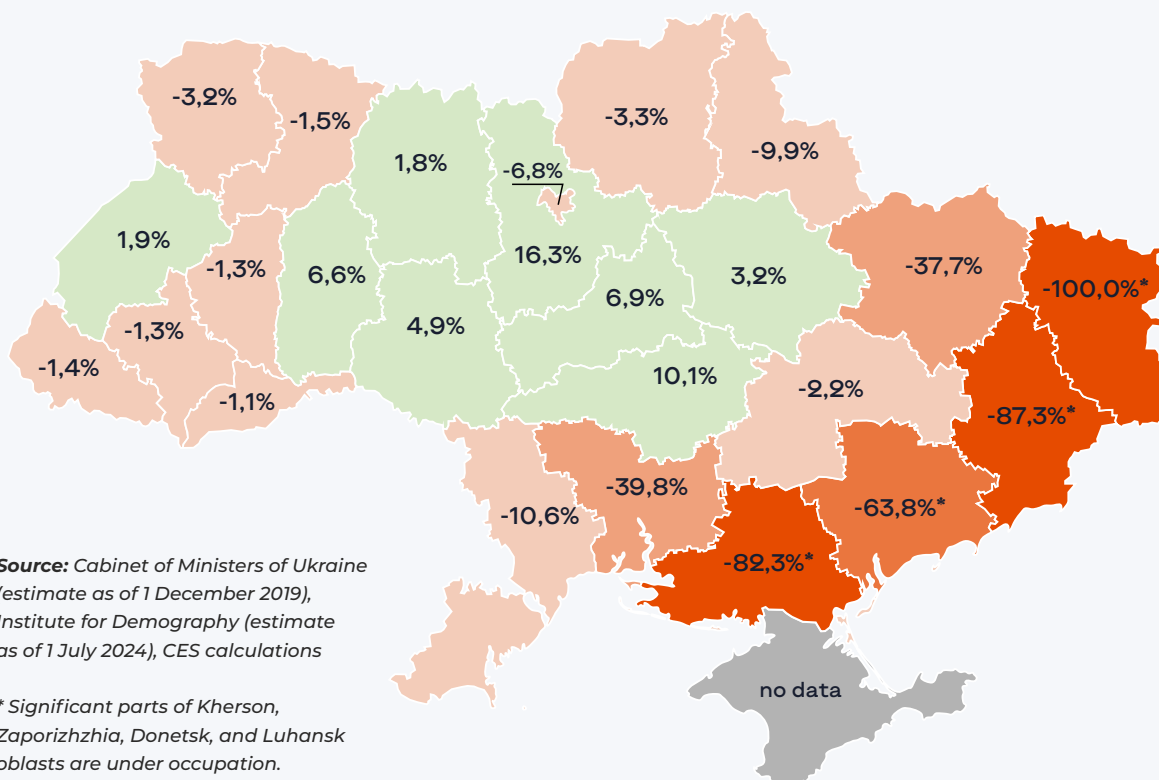
Current estimate (2024)

**in government-controlled areas*

Ukraine is a major global agricultural producer and exporter, contributing to world food security and has a strong presence in aerospace, metallurgy, machinery manufacturing, and IT services.

Fig. 1: Population change in Ukraine-controlled territories in 2024 compared to 2019 by region, %.

-100% -50% 0% 25%



Overview of Ukraine's Governance Structure



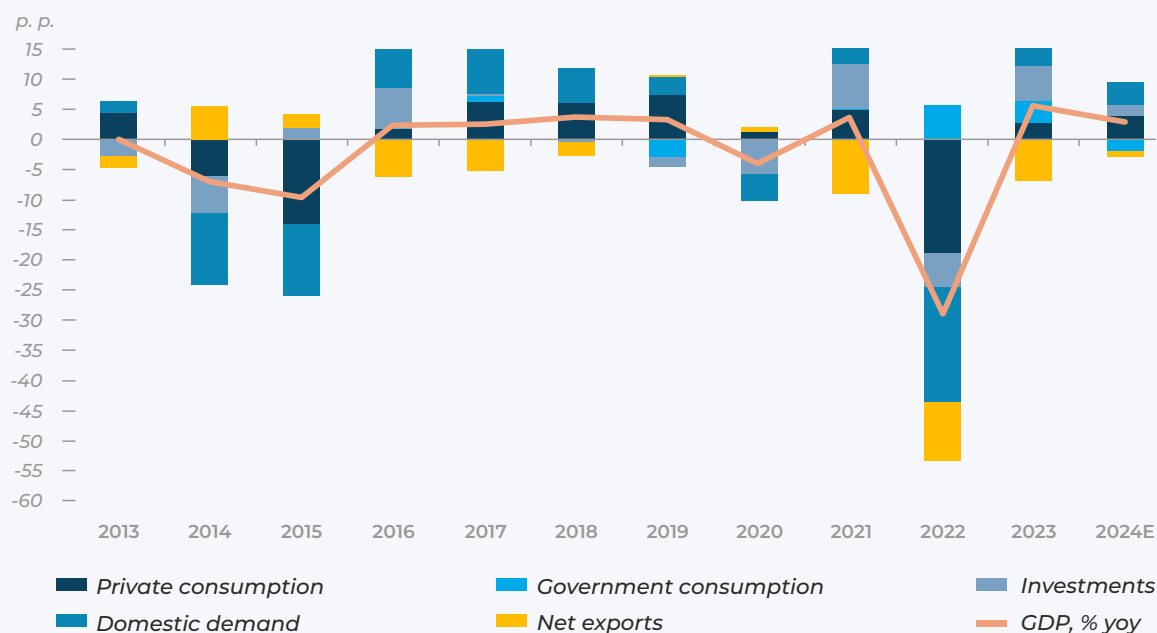
- **War of aggression against Ukraine:** Russia started the war against Ukraine in 2014 with the occupation of part of the Donetsk and Luhansk oblasts. It also annexed Crimea. On February 24, 2022, the full-scale invasion of Ukraine by Russia started with the missile and drone attacks all over Ukraine. About 6 m of Ukrainians left the country, while about 4 m became internally displaced. But still, Ukraine has demonstrated remarkable resilience and military capabilities while defending its sovereignty. Western support was also crucial during these years. Despite the ongoing war, the country continues implementing crucial reforms and maintaining governmental functions.
- **EU Candidacy:** Ukraine is actively pursuing European Union integration, having received EU candidate status in June 2022. The country is implementing comprehensive reforms across all sectors to align with EU standards, including anticorruption measures, judicial reform, and the creation of one of Europe's most advanced digital government services through the Diia platform.
- **The Verkhovna Rada (Parliament)** is Ukraine's sole legislative body, consisting of 450 deputies elected through direct voting for a five-year term. The Parliament passes laws, approves the state budget, and exercises parliamentary control. It plays a crucial role in forming the government and can initiate impeachment proceedings.
- **The President** of Ukraine serves as the head of state and Commander-in-Chief of the Armed Forces. Elected by direct vote for a five-year term (limited to two consecutive terms), the President represents Ukraine internationally and nominates the Prime Minister with Parliament's consent. The President also chairs the National Security and Defense Council.
- **The Cabinet of Ministers (Government)** is the highest executive body, led by the Prime Minister. The Cabinet implements domestic and foreign policies, executes laws, and manages state affairs. Ministers are appointed by Parliament based on proposals from the Prime Minister, with some key positions requiring Presidential approval.
- **The Judicial System** consists of the Constitutional Court and courts of general jurisdiction. The Constitutional Court determines whether laws comply with the Constitution, while general jurisdiction courts handle civil, criminal, and administrative cases. Recent judicial reforms have focused on ensuring independence and fighting corruption.
- **Local Self-Governance** is exercised through elected councils and their executive bodies. Following decentralization reforms since 2014, local authorities have gained significantly more power and financial resources to manage community affairs, including infrastructure, education, and healthcare within their territories.

Economic situation after 2014



- **Ukraine's economy endured severe shocks from Russia's aggression in 2014-2015, suffering a deep GDP contraction amid territorial losses, a banking crisis, and fiscal instability.** Backed by the IMF, the government undertook sweeping reforms, shutting down insolvent banks and implementing tough fiscal consolidation. Gas and heating tariffs soared to reduce fiscal risks and improve the financial situation of the Naftogaz, pushing inflation to nearly 50% in 2015, but social safety nets were improved. The country introduced the electronic public procurement system Prozorro, improving fiscal transparency, while tax administration was streamlined. Structural reforms progressed further under the EU Association Agreement, strengthening governance and economic resilience.
- **Macroeconomic stability was restored, with GDP growing by 2.4% in 2016 and accelerating through 2018, yet failing to compensate for earlier losses.** Growth was driven by domestic demand, while net exports weighed on performance. Hryvnia depreciation and strong remittances from labor migrants helped stabilize the current account, which turned positive in 2015. Fiscal consolidation and debt management efforts reduced state debt from 80% of GDP at the end of 2016 to 50% by 2019. The banking system was overhauled, strengthening financial stability.

Fig. 2: GDP growth components

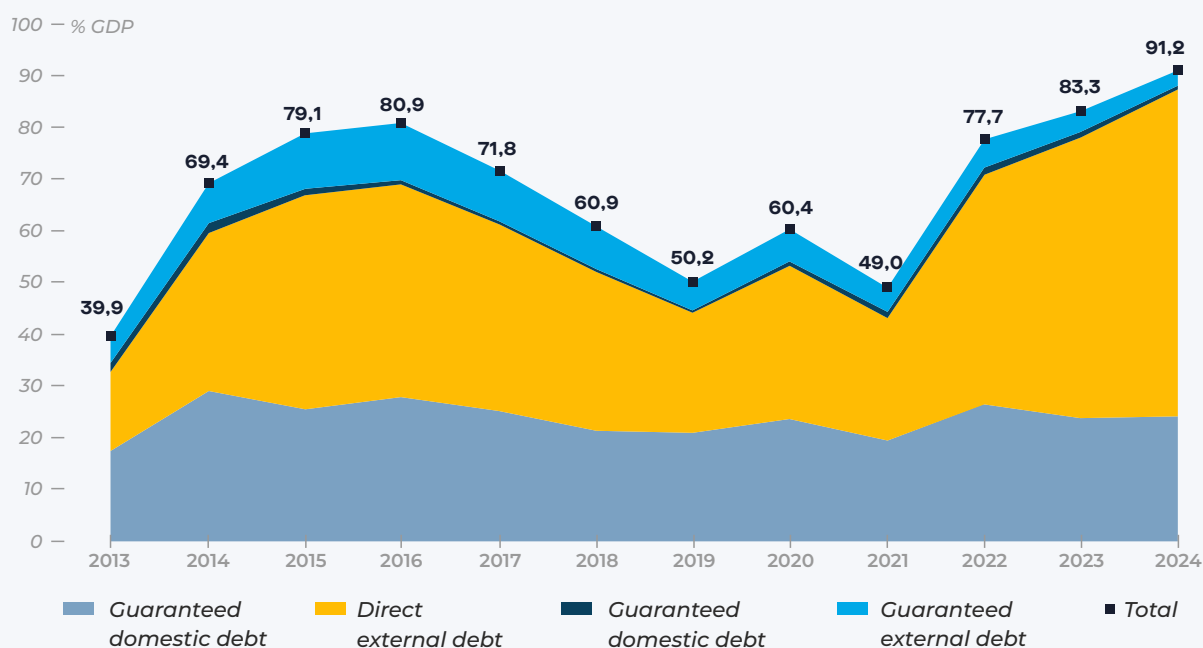


Note: E - estimate, F - forecast

Source: Ukrstat, IER for 2025-2026

- **Ukraine's handling of the COVID-19 crisis was relatively effective, marked by rapid digitalization of public services and targeted business support.** The government secured IMF and EU assistance, cushioning the economic shock. While debt rose by 10 pp in 2020, it reduced to 49% of GDP in the end of 2021. Despite these gains, the economy remained fragile, and reforms continued, preparing Ukraine for future challenges. The country's commitment to economic modernization proved vital when Russia launched its full-scale invasion in 2022.

Fig. 3: State and guaranteed by state debt



Source: Ministry of Finance

- **Russia's full-scale invasion created another devastating blow, yet Ukraine's resilience allowed it to maintain economic functionality.** The economy contracted sharply in 2022, but reforms persisted, leading the EU to approve accession negotiations. International financial support followed the "money for reforms" principle. By 2023, GDP rebounded by 5.3%, supported by agriculture and manufacturing, though the economy remained nearly 20% below pre-war levels. Moreover, investments surged in 2023, which reflected both FDIs into military production and military aid from other countries. Real GDP grew by 2.9% in 2024 as increase in private household consumption was counterweighted by decline in government consumption and negative contribution of net real exports. According to consensus real GDP is forecasted to grow by about 3-3.5% in 2025.
- **The war continues to weigh heavily on Ukraine's business environment and infrastructure, particularly in the energy sector.** Russian missile and drone strikes have severely damaged power generation, cutting over 9 GW of capacity, which

almost half of all generation. This caused disruptions in industry. The need for international support, including spare parts, backup generation, and air defense, remains acute.

- **During full-scale invasion fiscal pressures are mounting, with nearly half of government spending financed by international aid.** The delay in external financing at the start of 2024 strained Ukraine's budget, particularly defense expenditures. The fiscal gap for 2024-2025 is estimated at USD 40 bn, with the EU's Ukraine Facility providing EUR 50 bn over 2024-2027 - insufficient to cover all needs. IMF assistance primarily refinances old debt rather than providing new funds. The 2025 budget anticipates an external financing requirement exceeding USD 40 bn, which is secured by G7 financing. Financing for 2026 remains scarce, requiring urgent discussions on the use of frozen Russian assets beyond 2025. The focus should extend beyond just utilizing profits, ensuring that Russia, as the aggressor and perpetrator, bears the financial burden of its actions.
- **Ukraine's economic outlook hinges on continued international support, particularly from the US, EU, and G7.** Any disruption in military or financial aid could widen the fiscal gap, further complicating recovery. Ukraine remains committed to its reform agenda, prioritizing energy efficiency, renewable energy, corporate governance, and public finance management. The IMF program and EU accession process will remain guiding frameworks. While war-driven uncertainty persists, Ukraine's structural reforms aim to ensure long-term stability and reintegration into the global economy. The G7's USD 50 bn financial package within ERA mechanism, backed by profits from seized Russian assets, will be a key financing source in 2025. However, the use of funds for both military and civilian spending raises concerns over potential shortfalls in defense financing. Moreover, uncertainty is high with regards to the US support in 2025 and beyond.
- **The economic situation is highly dependent on the situation on the battlefield as well as on the availability of air defense systems and munitions.** According to the IER business survey, the biggest impediments for business operations usually are 'danger to work' and 'lack of the access to electricity', which are the results of Russian missile and drone attacks. Therefore, there is a high need for more air defense systems to protect energy infrastructure, seaports, businesses, and civilians.

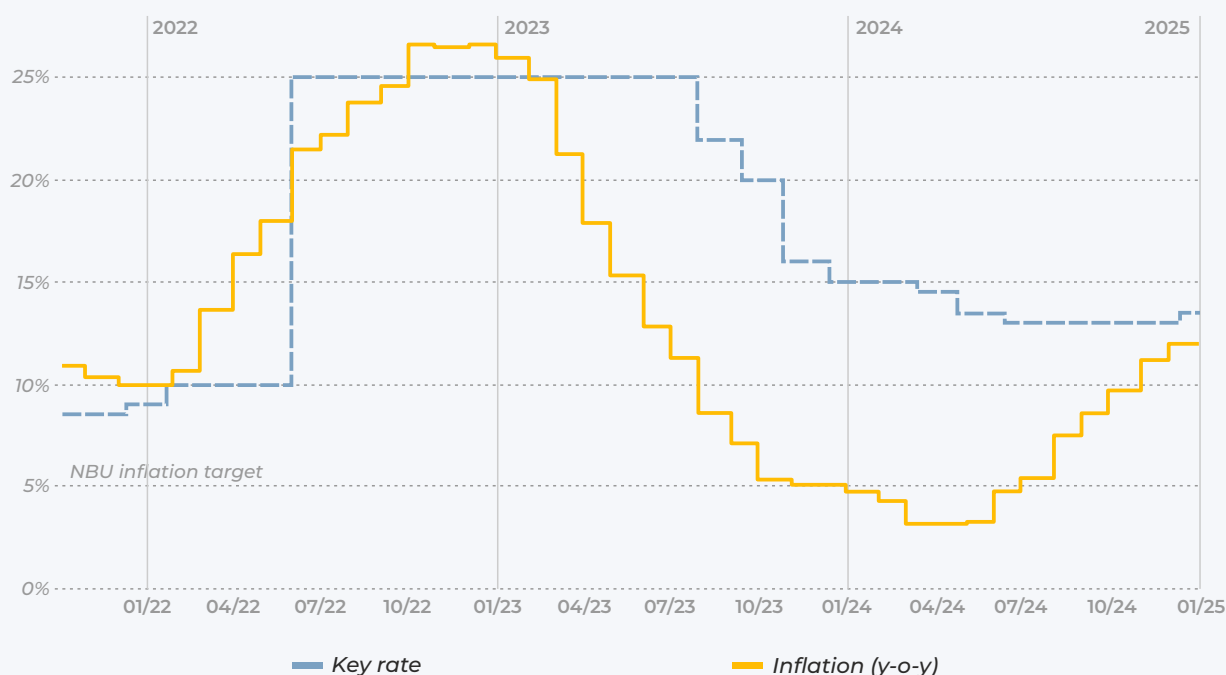
Financial System of Ukraine



Central Bank (National Bank of Ukraine - NBU):

- **Key Policy Rate:** Increased to 15.5% in March 2025 to counter inflationary pressures after 1.5 years of easing.
- **Inflation:** Reached 12% year-on-year as of December 2024, slightly above earlier projections, with expectations of moderation to 9.7% by end-2025.

Fig. 4: NBU key policy rate dynamics, %

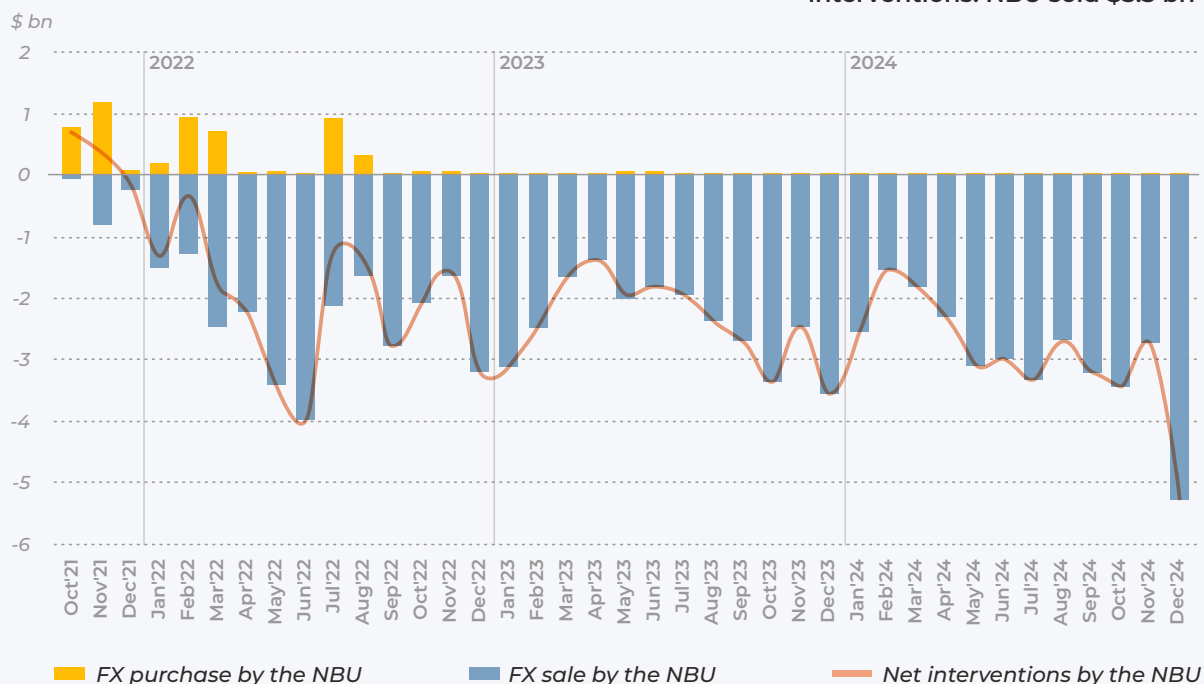


Source: NBU, Ukrstat

- **International Reserves:** Reached USD 44 bn in December 2024, covering almost 6 months of imports and the IMF's adequacy benchmark of 120%. Growth was driven by the sizeable international aid which offset consistent monthly foreign currency sales of USD 2-3 bn to support the national currency.

Fig. 5: NBU FX interventions, USD bn

In December, record-high FX interventions: NBU sold \$5.3 bn

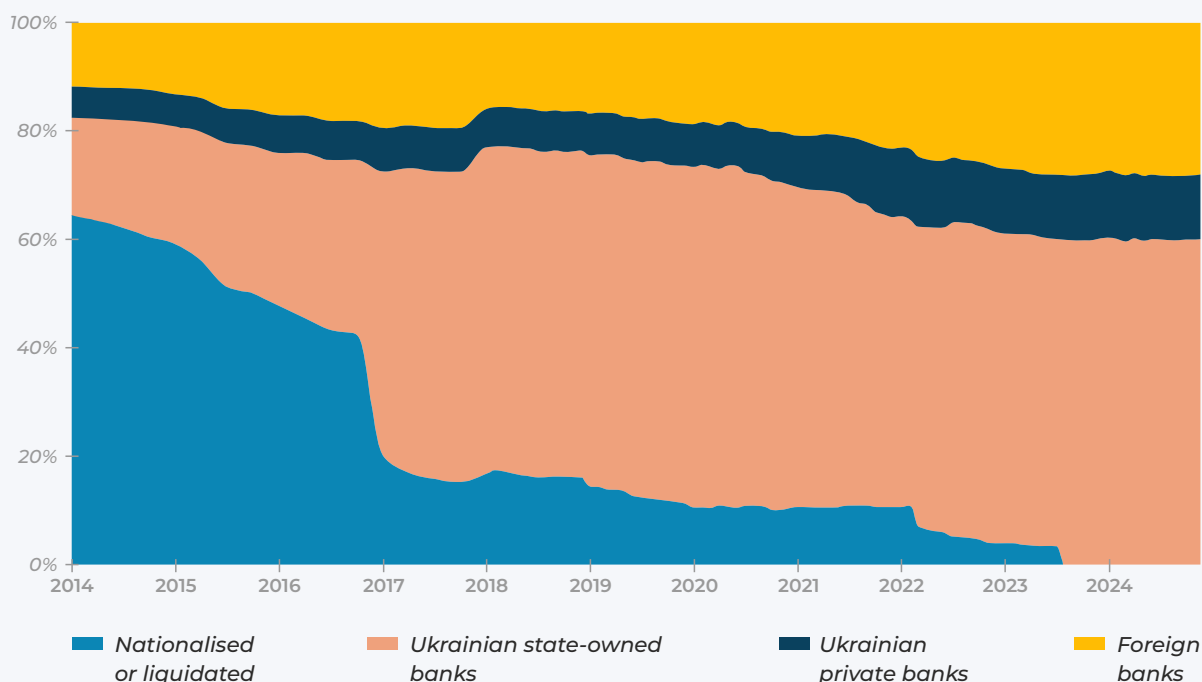


Source: NBU

Commercial Banks (90% of financial sector assets):

- **Number of Banks:** There are in total 61 commercial banks as of December 2024; from them 7 banks were state-owned, 26 banks had foreign owners, of which 19 banks were 100% foreign-owned belonging to major international banking groups (Raiffeisen, BNP Paribas, Credit Agricole, OTP, Citi Bank and others).
- **Assets:** State-owned banks held about 55% of total banking assets at the end of Q4 2024. Total assets of the banking system stood at USD 90 bn or 49% GDP.
- **Market Concentration:** The five largest banks (four of them are state-owned) hold 58% of total assets. The 10 largest banks hold 79% of total assets. Together the seven state-owned banks hold 55% of total assets, foreign-owned banks – 25% of total assets.

Fig. 6: Banking sector assets distribution, %



Source: NBU

- **Capital Adequacy Ratio (CAR):** Varying between 16-18% for the banking system, well above the required 8.5%.
- **Loans to GDP:** Corporate bank loans remain low at 11% of GDP, due to high interest rates and war-related uncertainties.
- **Non-Performing Loans (NPLs):** Steadily declining; as end-2024, overall NPLs stand at 31%, with PrivatBank at 56% due to the heavy pre-nationalisation legacy, other state banks at 35%, private and foreign banks at 11%. Corporate sector NPL stood at 21% (excluding legacy Privatbank loans), with only 3.6% of corporate loans migrating to NPLs in 2024.
- **Bank profitability:** Remains high despite a 50% profit tax imposed on banks in 2024. The sector's return on equity (ROE) was around 30% in 2024. High profitability is driven by elevated yields on government bonds and NBU's deposit certificates, while the funding base remains relatively cheap.

War-time banking sector policy toolkit:

- **Liquidity Support:** The NBU injected UAH 51.5 bn (USD 1.2 bn) in early 2022 to stabilize the banking sector.

- **Foreign Exchange Interventions:** The NBU actively sold foreign currency to stabilize the national currency (hryvnia), spending USD 28 bn in 2022, USD 29 bn in 2023, and USD 35 bn in 2024.
- **Liquidity requirements:** Short-term liquidity (LCR) in all currencies and in foreign currency exceeds minimum thresholds, ensuring strong bank liquidity.
- **Reserve requirements:** In October 2024, the NBU raised reserve requirements by 5 percentage points for most funding types, except long-term hryvnia deposits, to curb excess liquidity.
- **Loan guarantees:** A state-backed loan guarantee program '5-7-9' covers up to 35% of net corporate loans, improving access to credit.
- **Capital buffers:** Banks must adhere to higher capital buffers for systemically important institutions, with additional stress tests scheduled for 2025.
- **Debt restructuring incentives:** Regulatory relief measures encourage banks to restructure loans for businesses affected by war-related disruptions during the first months into the war including so-called 'credit holidays' - the policy that thereafter was tightened back to return to conservative risk evaluation.

Non-Banking Financial Institutions (10% of financial sector total assets):

- **Financial Companies:** 479 entities with assets totalling USD 7 bn.
- **Insurance Companies:** 64 companies with assets totalling USD 1.7 bn; number of players is rapidly dropping due to massive reform-related market clean-up and harsh business conditions.
- **Pawnshops:** 109 entities with assets equal to USD 98 million.
- **Credit Unions:** 104 organizations with assets amounting to USD 32 million.

Capital Markets Situation:

- **Market Structure:** Domestic government bonds accounted for over 85% of the market's trading volume, totaling USD 12 bn out of a total of USD 14 bn in the first 11 months of 2024. Trades in Ukraine's Eurobonds represented 9% of the volume, while stock trading contributed less than 0.01%. Ukraine's capital markets function primarily as a money market for financial intermediaries, rather than a source of investment funding for Ukrainian corporations.
- **The capital markets reform:** Ukraine is aligning its capital markets legislation with the EU acquis, particularly focusing on Chapter 9 (Financial Services) and Chapter 17 (Economic and Monetary Policy).

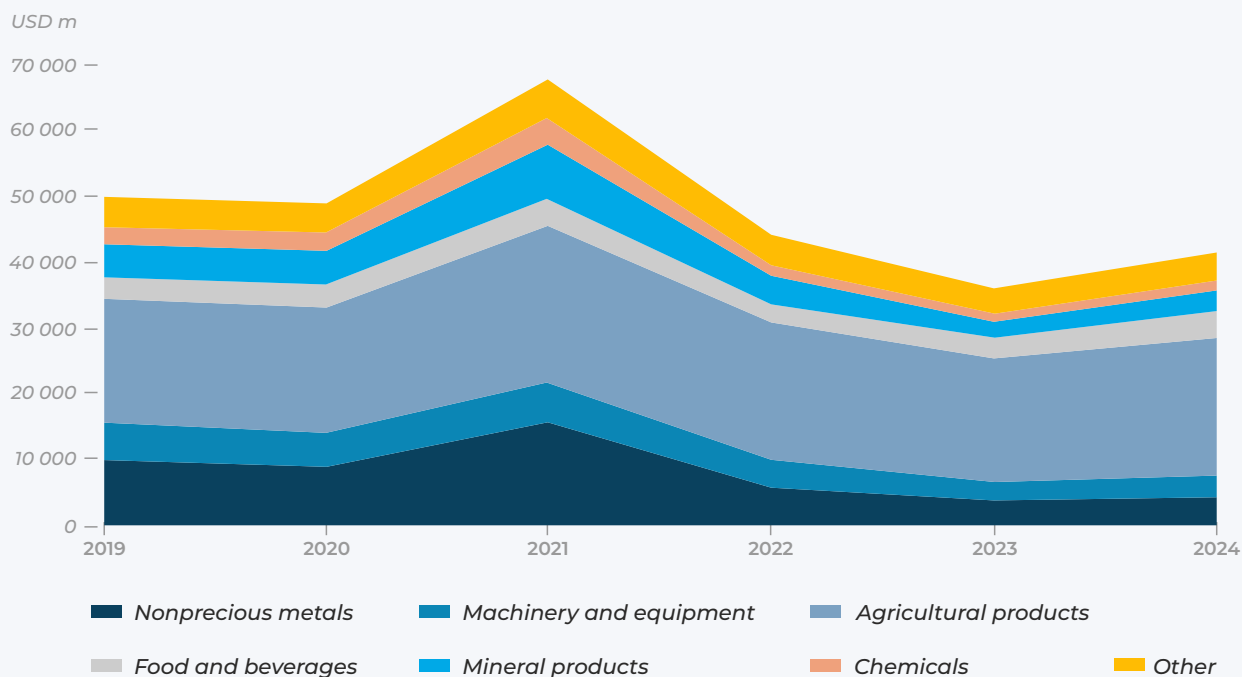
Industry and Export Indicators



- **During full-scale invasion by Russia Ukrainian business showed how adaptive and resilient it is.** Light industry and food production after February 2022 became more oriented on defence and security. The business used electricity generators, changed schedule hours, installed own decentralised electricity generation (both working on renewables and on gas) to continue working at times of power outages.
- According to [IER business survey](#), **key impediments for business to continue operation include danger to work, lack of access to electricity, lack of labour, increase in prices for commodity, and logistics.** The situation on logistics changed substantially due to Government policies allowing imports of electricity. The Government with international partners also started SkillsAlliance, big part of which include training and retraining of Ukrainians, as structural unemployment is high.
- **Ukraine has a diverse industrial sector, with strengths in metallurgy, machinery, chemicals, and food processing.** Before the war, industry contributed 20% of GDP. Now, its contribution fell to about 17% due to the Russian full-scale invasion, which resulted in temporary occupation of territories in the East of Ukraine and damages and destruction on companies all over Ukraine.
- **Ukraine was a major producer of steel and iron**, with key industrial hubs in the east. Their production has been reduced after 2022, but **still they remain an important exports** item especially after Ukraine secured exports through Ukrainian Sea Corridor.
- **Ukraine is one of the world's top agricultural exporters, particularly for grains** (wheat, corn, barley) and sunflower oil. It has historically been a key supplier to global markets. Grain corridor in 2022 and the first half of 2023 helped export grains, including to countries of Africa, but it was often slowed by sabotage from Russian inspectors. Since September 2023, agricultural producers, especially grain exporters, enjoy easier exports logistics through Ukrainian Seaports.



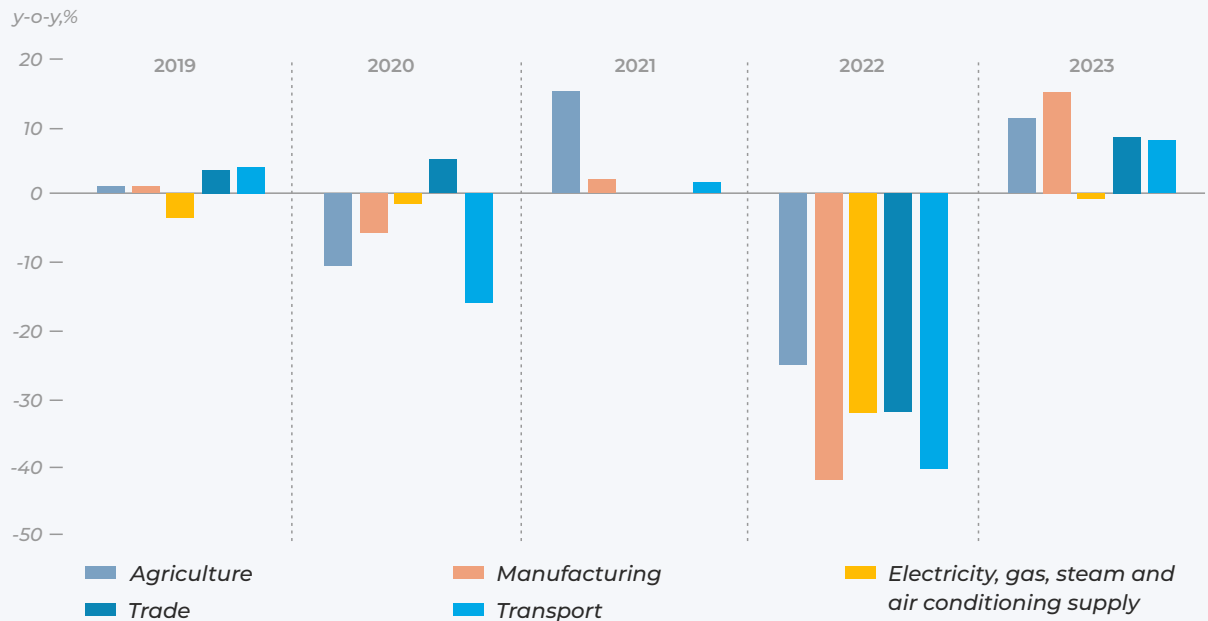
Fig. 7: Export dynamics by the category of goods (2019-2024), USD m



Source: Ukrstat

- Overall, a **high share of Ukrainian exports are commodities with low value added**. At the same time, imports include machinery and equipment, which is essential part of investments. During full-scale invasion, a large part of imports are defence and security items.
- Over the years, the **share of services in GDP increased**. IT sector has become one of Ukraine's fastest-growing industries, with exports accounting for 38% of services exports. It is the second largest group in total exports after agrarian products. The US is a predominant importer of Ukrainian IT services.
- The full-scale invasion led to significant damages and losses for business**. According to [the RDNA4 assessment](#), for the industry and commerce sectors total damages amounted to USD 17,5 bn (10% of total damages) and recovery and reconstruction needs are USD 64,61 bn. Damages in the agriculture sector amounted to USD 11,2 bn (6% of total damages). Still, losses totalled USD 72,7 bn, including income reduction due to lower or destroyed produced goods, increased production costs because of higher prices of fertilisers and fuel and cost of land recultivation after demining.
- Nevertheless Ukrainian firms are showing signs of recovery**, with key sectors of the economy experiencing an increase in production in 2023, marking their exit from the negative zone observed during the first year of the full-scale invasion. The highest growth rate was recorded in manufacturing and agriculture.

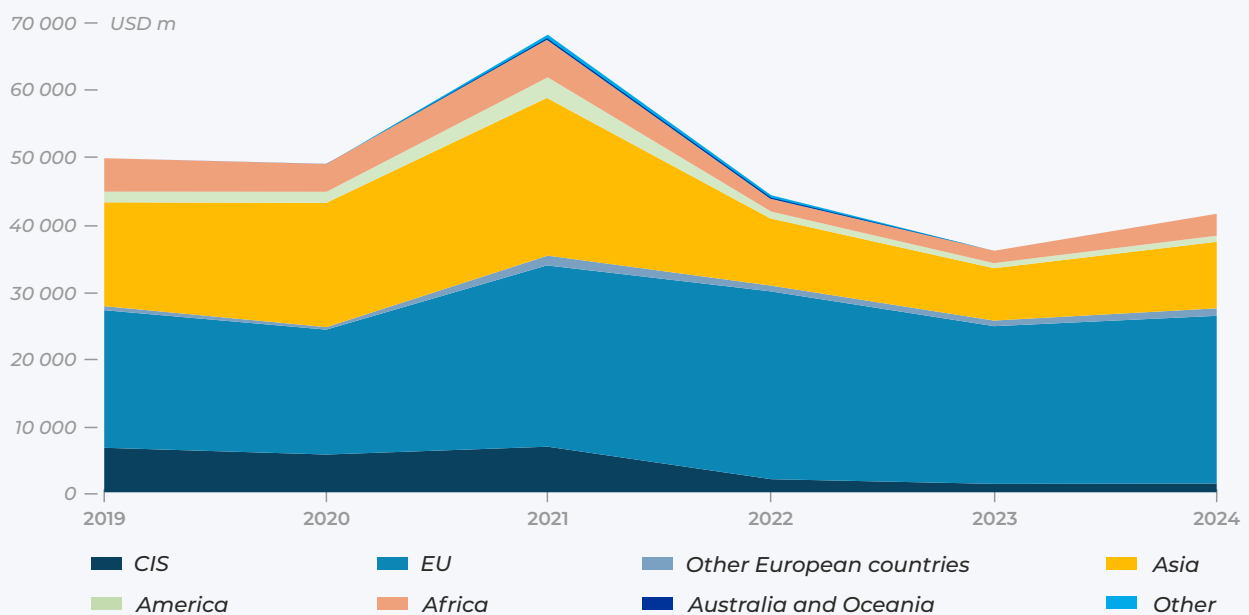
Fig. 8: Dynamics of economic sector growth (volume indices)



Source: Ukrstat

- **The share of EU in Ukraine's merchandise trade increased after the start of Russia's war against Ukraine in 2014.** Clearly, that most of trade is now conducted through EU territory, even though exports seaports partially restored. But now EU often used for transit of goods, while the final destination vary for different goods.

Fig. 9: Destination of goods exports (2019-2024), USD m



Source: State Customs Service of Ukraine

Human Capital in Ukraine



Current State of Human Capital

- **Population:** Ukraine's population stands at an estimated 31 m in government-controlled areas as of the year-end 2024, with 5 m in occupied territories and 5 m abroad. Demographic losses are compounded by war-driven displacement, declining birth rates, and high mortality. Precise estimates are challenging due to outdated census data (last conducted in 2001), active conflict, and large-scale movements of people.
- **Refugees and Displacement:** According to the Centre for Economic Strategy, 5.2 m refugees are abroad as of November 2024, including 1.3 m in Russia. Internal displacement stands at 4.7 m, with 3.4 m displaced since the full-scale invasion in February 2024.
- **Age Structure:** Ukraine has one of the world's oldest populations, with an average age of almost 45 years in 2025 and children under 18 comprising less than 17%. This presents significant social and fiscal challenges.
- **Education:** Despite 70% of adults holding university degrees, education access remains uneven. Approximately 1 m students are enrolled in higher education, but students in occupied territories lack quality education, and the system is disrupted by safety concerns and Russian propaganda.
- **Workforce and Employment:** During full-scale invasion, Ukraine's labor force has declined by 12%, to 15.2 m, with approximately 50% inactive - not looking for a job. Employers face severe workforce shortages due to displacement, labor competition with the Armed Forces, and outmigration.

Key Challenges for Human Capital

- **Low Birth Rates:** Ukraine's fertility rate dropped to 0.8-0.9, among the world's lowest, with an estimation of only 176,679 births in 2025, the smallest number in 300 years.
- **High Mortality:** Ukraine's mortality rate in 2024 estimate ranges from 15.9 to 18.6 per 1,000, the highest globally, driving significant natural population decline.
- **Population Aging:** Nearly 25% of the population is aged 60+, increasing demand for healthcare and social services. Emigration of working-age adults intensifies fiscal pressures.

- **Displacement and Migration:** Internal displacement and emigration have left 9.7 m people outside stable living conditions, further straining demographic recovery.
- **Education Gaps:** Disruptions in education and limited access in occupied territories risk a generational loss in human capital.
- **Structural Challenges:** Issues include outdated family legislation, unbalanced labor markets, and inadequate recovery in housing and social infrastructure.

Government Activities

- **Demographic Strategy 2040:** The Government adopted a long-term strategy addressing demographic decline and population recovery. Forecasts suggest Ukraine's population could reach 34 m by 2040 if fully implemented or 29 m under an inertia scenario. Action plans aim to provide affordable housing, create jobs, and rebuild social infrastructure to encourage the return of displaced Ukrainians and refugees.





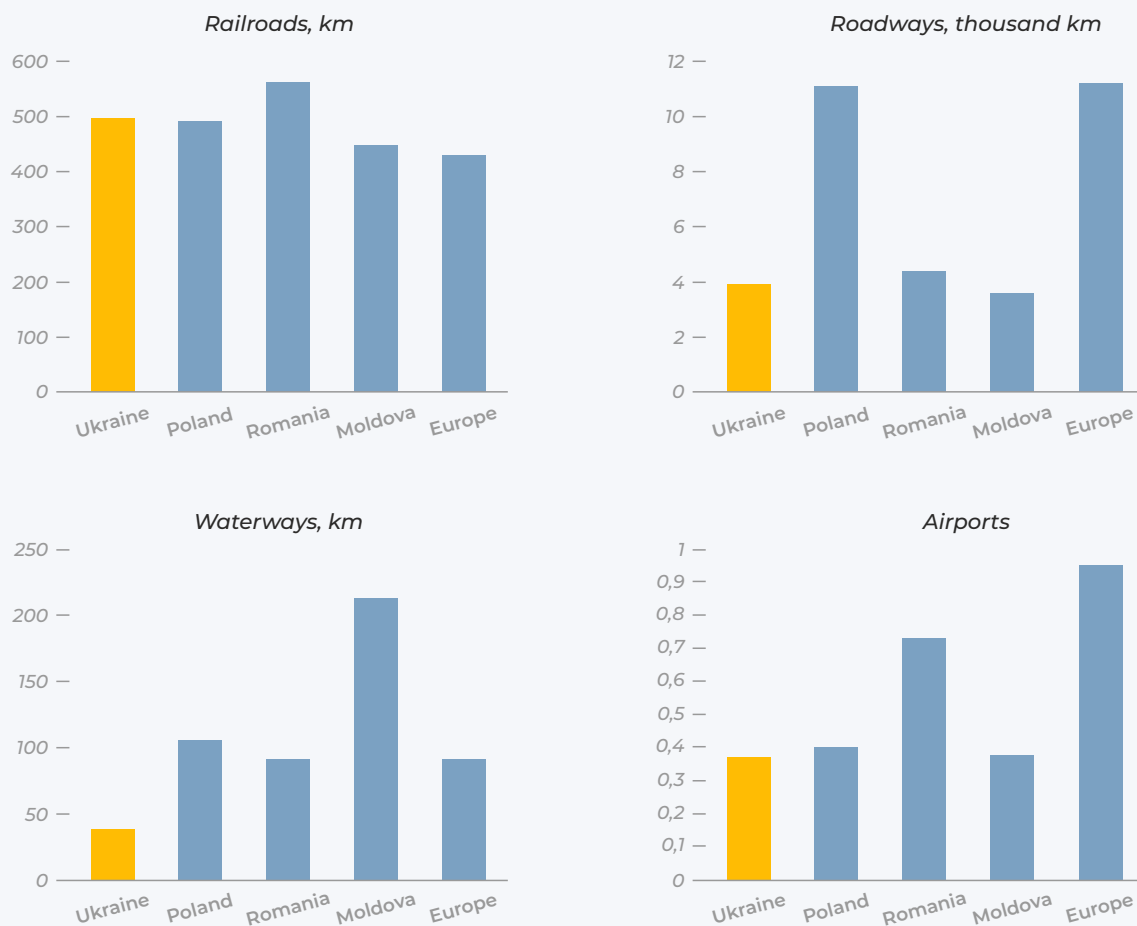
Transport

- **Ukraine has a well-developed transport infrastructure that includes a network of roads, railways, airports, and seaports.** Before the full-scale invasion, Ukraine's transport system served as a key east-west and north-south corridor, facilitating transit between Russia, Belarus, and the EU. With the war disrupting these routes, Ukraine is losing this position, prompting a shift in its transport role. However, local producers continue to benefit from the extensive transit infrastructure, which offers a significant advantage compared to countries like Moldova or those in the Balkans.
- **Ukraine has a network of over 200,000 kilometers of automobile roads.** Road density in Ukraine is about a third of the road density in Europe, if measured by population; and a quarter, if measured by area. Road transport has played an increasingly important role in Ukraine's international trade. The blockade of Ukrainian ports by Russia disrupted maritime trade in 2022 and freight switched to road transportation. It became the primary mode of imports, accounting for 35% of total imports volume in 2022. The EU and some of its member states have lifted restrictions on road transport with Ukraine to help alleviate the impacts of the war and seaport blockade on trade. In 2024, Ukraine exported 10 m tonnes by automobile transport, up 5% compared to 2023.
- **The network of railways** in Ukraine (excluding the temporarily occupied territories before the full-scale invasion) is 19.8 thousand km, of which 47% of the tracks are electrified. The density of railways in Ukraine even exceeds the density in Europe (496.27 km per m inhabitants vs. 429.97 km). Before the full-scale invasion, Ukrainian railways provided operation at 40 international railway crossings and served 18 Ukrainian seaports of the Black Sea-Azov basin. Most imported goods were delivered by rail, mainly from Russia and Belarus. The war has drained these imports streams, and the total volume of railway transportation in Ukraine dropped significantly. But instead Ukrainian companies have started to use the railway transport for exports. In 2024, Ukrainian railways transported 175 m tonnes, including 54 m tonnes towards the seaports and 31 m tonnes towards the western border of Ukraine.
- **Ukraine had 19 airports before the invasion,** however, the Russian Federation's aggression has damaged all of them, with the runway being destroyed at 12 of them. Air transportation through Ukraine has been suspended, with only a few companies continuing to operate on wet leasing terms outside of Ukraine. The aviation industry in Ukraine has been severely affected by the war, with the closure of airspace for commercial and transit traffic leading to significant losses for com-

panies and the destruction of infrastructure, including the destruction of the AN-225 “Mriya” aircraft. Before the airspace closure due to the war, 21 passenger airlines and 19 airlines carrying mail and cargo operated on the market, serving 16.2 m passengers in 2021. Leading international airport was Boryspil International Airport in Kyiv. Other big airports serving domestic and international flights were Lviv, Odesa, and Kharkiv.

- **The sea port system** of Ukraine consists of 18 seaports, 7 of which are operational, 2 are blocked, and 9 are occupied by Russia. Among the operational ports, Odesa, Chornomorsk and Pivdennyi are deep sea ports, and Izmail, Reni, Ust-Dunaisk and Bilhorod-Dnistrovskiy ports are situated at river mouths serving as hubs for river-sea cargo transshipment. International trade, which heavily relied on sea and rail transport, was severely disrupted by Russian aggression. However, signing an agreement with Turkey and the UN in 2022 to establish a maritime corridor in the Black Sea allowed Ukraine to export grain. The Initiative covered only three ports (Odesa, Chornomorsk and Pivdennyi). In July 2023, Russia terminated the Black Sea Grain Initiative and Ukraine had to organize its own humanitarian corridor along the coast of Romania to continue its maritime trade. The new corridor reached its full capacity in January 2024 and the transported volumes exceed those during the Black Sea Grain Initiative. The new corridor has no restrictions on the types of goods or imports but has much higher security risks - Russia continuously attacks ports and vessels in Ukraine. In 2024, Ukrainian seaports handled 97 m tonnes of cargo (80 m tonnes were transported via the Ukrainian Sea Corridor). The lion's share of Ukrainian exports (67% in 2024) is transported via seaports. The main cargo is grain (60 m t) and ore (19 m t).
- **The inland waterways** of Ukraine suitable for use are 6.2 thousand km in length. The main navigable rivers are the Dnieper, Desna, Pripjat, Danube, and Southern Bug. The country has 38.18 km of waterways and 9.34 harbours per m inhabitants – noticeably less than Europe (91.17 km of waterways and 25.39 harbours per m inhabitants). In 2020, there were 16 river ports and terminals in operation with a capacity of 60 m tons per year, which was planned to increase to 80 m tons annually by 2030. The occupation of the Kherson and Zaporizhzhya regions has resulted in the cessation of traffic on the Dnipro River. In response, shipping companies have had to reorient their operations to alternative routes, such as the Danube River. In 2024, the ports of the Danube cluster handled 17 m tonnes of cargo, 46% less than in 2023.

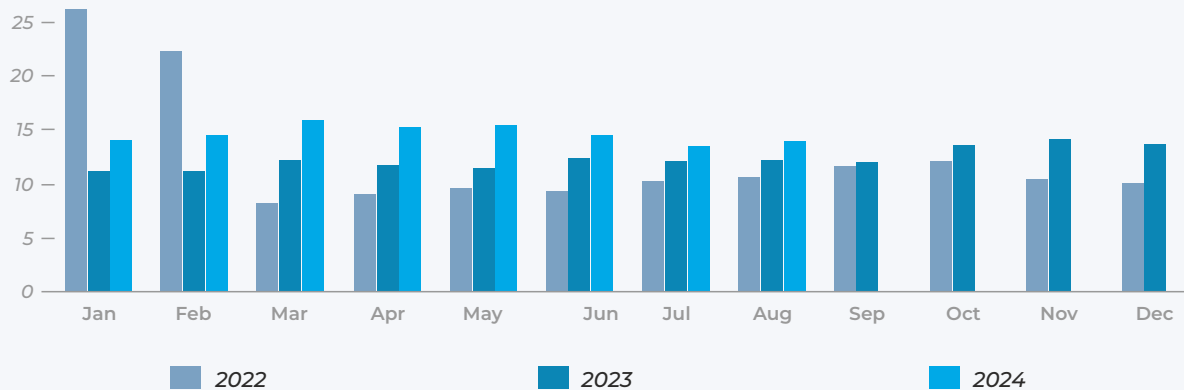
Fig. 10: Transport infrastructure density in Ukraine



Note: Infrastructure density per million inhabitants

Source: World.Data.info

Fig. 11: Transportation of goods by rail, m tons



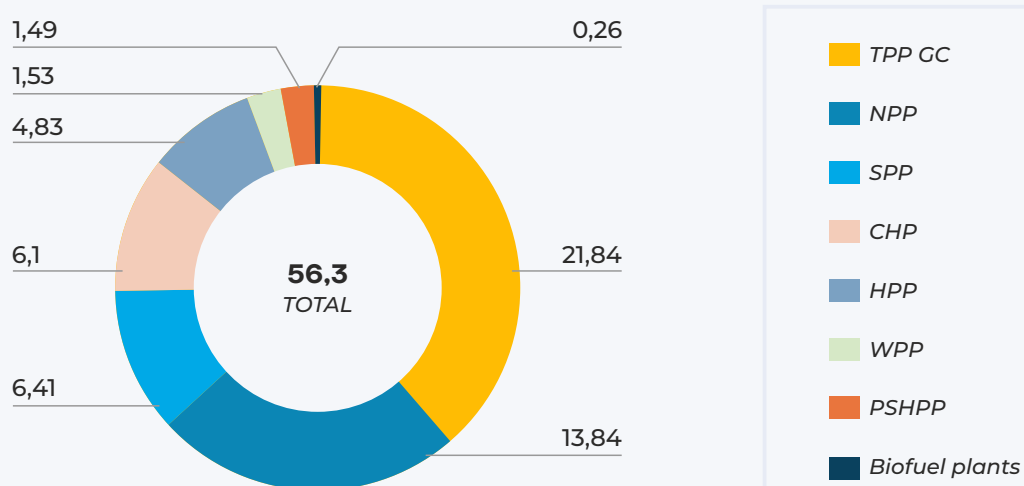
Source: Ukrzaliznytsia

Energy

Electricity Sector

- In total, before 2014, the United Power System of Ukraine (UPS) consisted of 76 hydroelectric power plants and pumped storage plants, 26 thermal power plants and heating plants, 4 nuclear power plants, 12 solar and 8 wind power plants, unified main power transmission lines with a length of 22.5 thousand km and 135 transformer substations for them.
- From 2014 to 2022, Russian aggression caused significant losses to Ukraine's energy sector. As of January 2022, the installed capacity of Ukrainian power system was more than 56 GW. During the three years of war, Ukraine lost more than 50% of its generating capacity. In 2014, Russia occupied Crimea and part of the Donetsk and Luhansk regions, resulting in the loss of generation facilities of almost 4 GW.

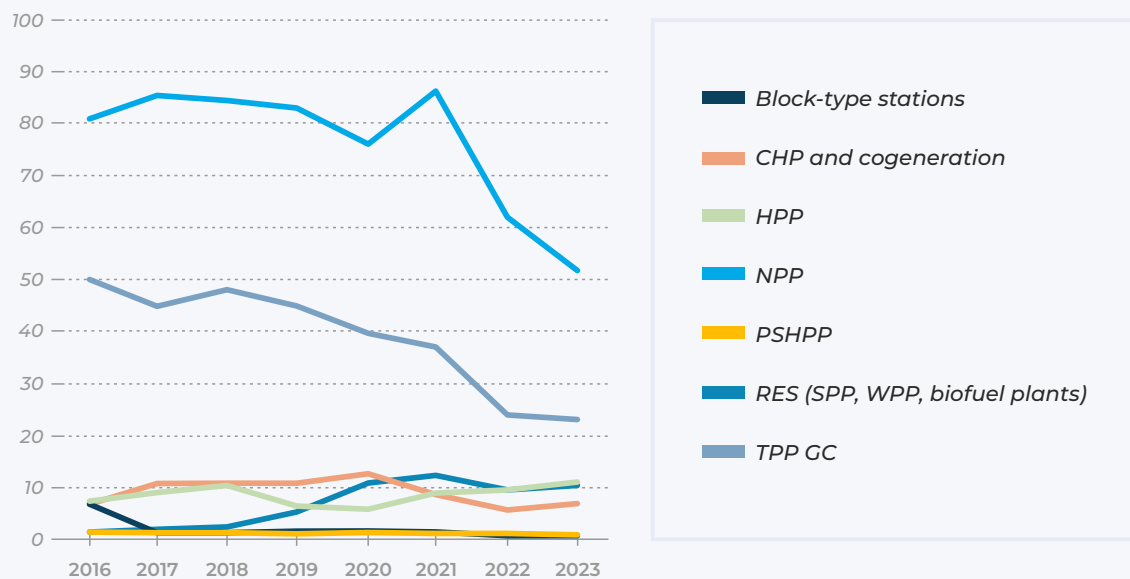
Fig. 12: Installed capacity of the power system as of January 2022, GW



Source: [Energy Map](#)

- On March 16, 2022 the Ukrainian power system was finally disconnected from its Soviet past - the power grids of Russia and Belarus and fully synchronized with the ENTSO-E power grid of continental Europe. After the synchronization, the UPS of Ukraine operates stably, with the frequency maintained at 50 Hz.
- During the RF full-scale invasion, more than 18 GW of electricity generating capacity was occupied, including Zaporizhzhia NPP - the largest nuclear power plant in Europe. In addition, the Kakhovka and Dniprovsk HPPs, as well as the Zmiivska and Trypillia TPPs, were completely destroyed.

Fig. 13: Electricity generation structure, m Mwh

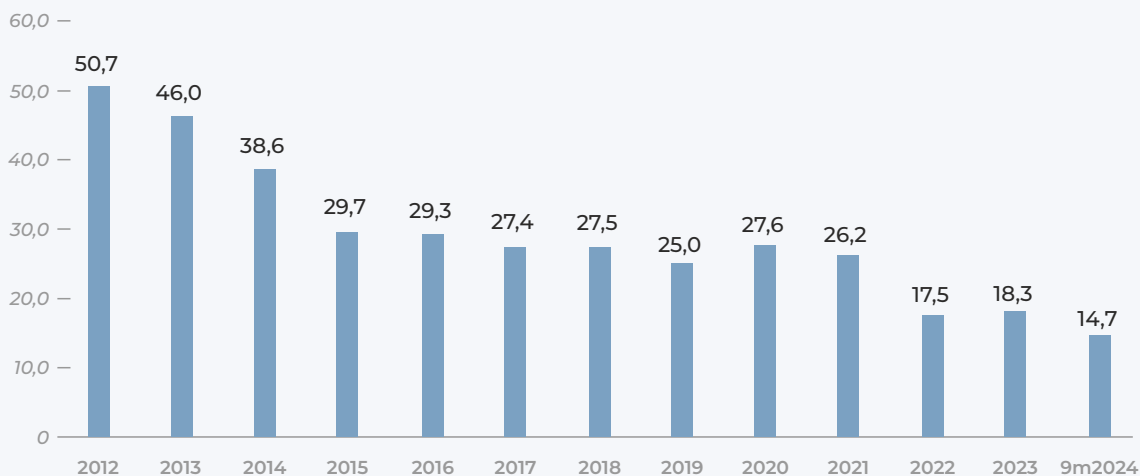


Source: [Energy Map](#)

Natural Gas Sector and Storages

- Before 2014, Ukraine's domestic natural gas production averaged around 20-21 bcm annually, with the majority coming from the state-owned company Ukrgazvydobuvannya. However, the Russian occupation of Crimea in 2014 resulted in the loss of significant offshore gas deposits in the Black Sea, including the Odesa and Bezimenne gas fields, as well as production facilities belonging to Chornomor-naftogaz.
- Gas consumption in Ukraine has significantly decreased from more than 50 bcm in 2012 to approximately 30 bcm from 2015, due to both the loss of industrial consumers in occupied territories and implementation of energy efficiency measures.

Fig. 14: Natural gas consumption, bcm



Source: [Energy Map](#)

- Ukraine's Gas Transportation System is one of the world's largest with 33,000 km of pipelines, 57 compressor stations, and capacity of 287 bcm per year for input and 178 bcm for output. Before 2014, it transported about 140 bcm of gas annually, primarily Russian gas to European consumers.
- The country possesses Europe's largest underground gas storage network with 31 bcm capacity across 13 facilities, crucial for both domestic and European energy security during peak winter demand.
- Following the 2014 crisis, Ukraine implemented a strategic shift in its import policy. By 2015, the country had completely restructured its gas import routes, establishing reverse flow capabilities with European neighbors (Slovakia, Hungary, and Poland). This transformation effectively ended direct gas imports from Russia.

Extractive Industry

- Ukraine has significant extractive industry potential, with proven reserves of various energy resources. Before 2014, the state balance of mineral reserves [takes into account](#) oil, gas, and gas condensate reserves in 381 fields. The majority of them - 211 - are concentrated in the Eastern region, 112 - in the Western region, and 45 - in the Southern region.
- A significant portion of the deposits contain critical and strategic materials. In fact, Ukraine has approximately 26 minerals that are in the critical raw materials list of the European Union.

- The Program for the Development of Ukraine's Mineral and Raw Materials Base until 2030 [highlights](#) the existence of substantial deposits. Ukraine's subsoil contains nearly 20,000 deposits and occurrences of 117 different types of minerals, with around 9,000 deposits of nearly 100 types of raw materials deemed industrially significant. Over 30% of these deposits are currently under development.
- Due to the occupation of some territories, some projects of investors and mining companies had to be postponed. But at the same time, this segment has huge potential for further development and increasing Ukraine's economic indicators.

General losses and needs

- [According to](#) KSE Institute estimates, as of May 2024, direct losses to Ukraine's energy sector from Russia's invasion exceed USD 16.1 bn, with restoration needs estimated at USD 50.5 bn under the "Build back better» principle.
- Ukraine's energy sector restoration prioritizes rebuilding destroyed power generation facilities, modernizing critical infrastructure, and restoring damaged gas transportation and storage systems to ensure energy security and maintain regional transit. Emphasis is also placed on expanding renewable energy capacity to support the green transition and enhance independence. Security measures, including physical and cybersecurity, are integral to creating a modern, resilient energy system aligned with European standards.

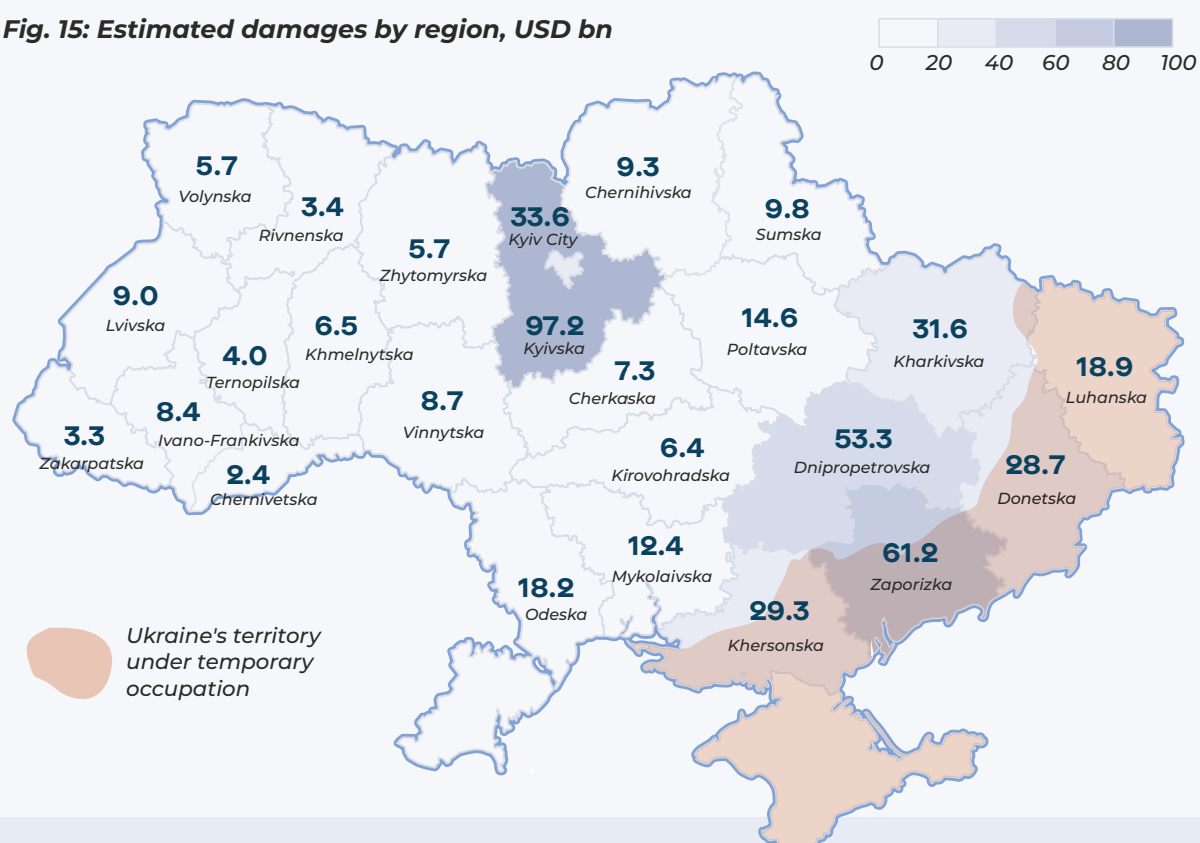


Regional Development Indicators



- **Administrative division.** Ukraine is divided into 27 regions: 24 oblasts, the Autonomous Republic of Crimea and two cities with special status, Kyiv and Sevastopol. In 2020, following the administrative reform, the Cabinet of Ministers of Ukraine defined administrative centres. This led to the creation of 1,469 territorial communities across the country.
- **As of January 2025, about 20% of Ukraine's territory remains under temporary occupation.** Nearly 3,800 settlements in 231 territorial communities in 11 oblasts have been temporarily occupied since February 2022. In the period 2022-2023, about 2,800 settlements in more than 160 territorial communities have been liberated. However, 57 are currently located in active fighting zones, 159 remain fully or partially occupied, and 142 are located in potential fighting zones.
- **The full-scale invasion led to significant damages and losses across regions.** The highest losses are in several Frontline regions (namely Donetsk, Zaporizka, Mykolaivska, and Khersonska oblasts) or regions where government regained control (Kyiv, Kharkiv regions) also in Dnipro and Odesa regions.

Fig. 15: Estimated damages by region, USD bn

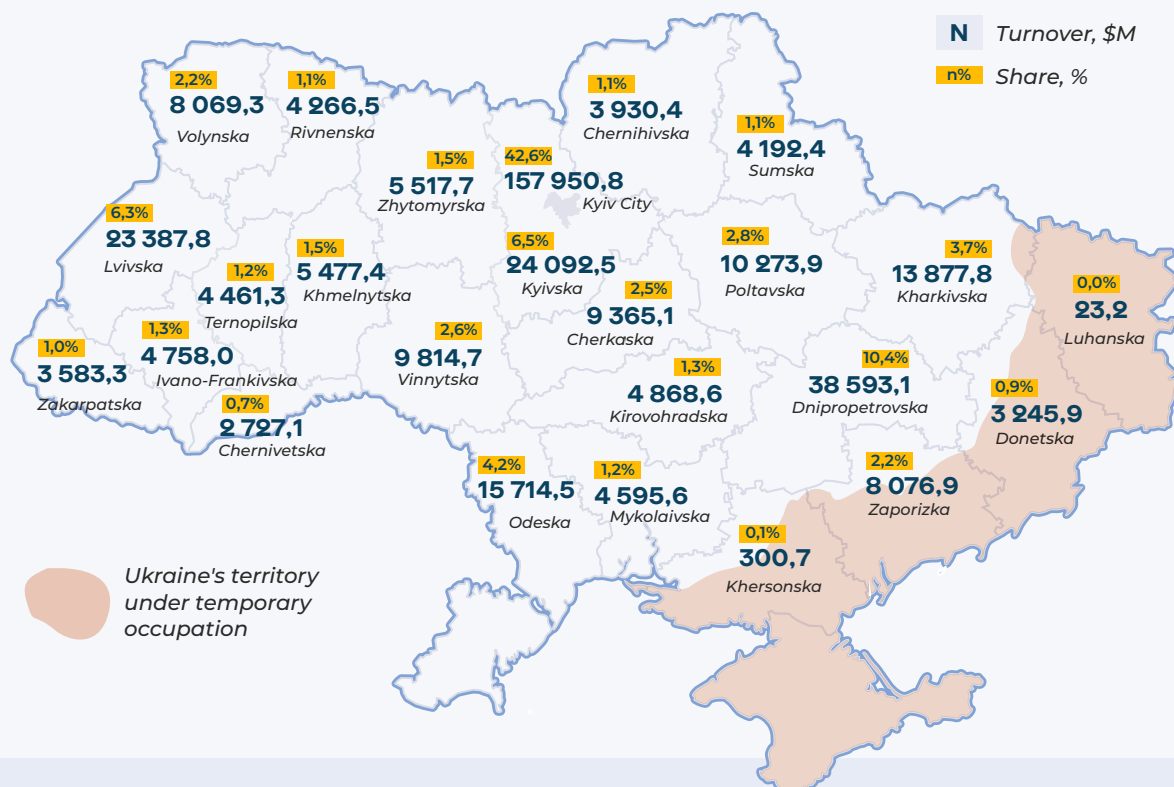


Source: [RDNA4](#)

- **The security situation has significantly impacted the economic performance of Ukraine's regions.** The number of employees in 2023 compared to 2021 has decreased across all regions, though this decline has been uneven. While the national average contraction was at 17%, the figures for Luhansk, Kherson, and Donetsk regions were 92%, 74%, and 70%, respectively. In contrast, the western and central regions experienced the smallest reductions, with declines not exceeding 9% and minimum values of contraction of 2% and 3% observed in Volyn, Lviv, Ivano-Frankivsk, and Rivne regions. This is directly linked to the security situation in these areas.
- A similar trend is observed with business profitability. As of January-September 2024, compared to the same period in 2021, the share of profitable companies in Ukraine decreased slightly by 2 percentage points, from 77% to 75%. However, significant regional disparities were evident. For instance, the share of profitable companies dropped sharply in the southern regions, such as Kherson (by 20 percentage points to 55%) and Mykolaiv (by 13 percentage points to 61.5%). In contrast, western regions experienced an increase in the share of profitable companies, with Chernivtsi seeing a 14 percentage point rise and Zakarpattia an 11 percentage point increase.
- Ukraine's regions show varied business turnover trends, with some recovering quickly while others struggle. Chernivtsi, Mykolaiv, Kyiv, and Kharkiv have seen strong rebounds, with turnover increasing notably between 2022 and 2023. In contrast, frontline regions like Luhansk, Donetsk, and Kherson are still facing significant difficulties, with business turnover remaining very low. Overall, recovery is uneven, with areas farther from conflict zones recovering faster than those directly impacted.



Fig. 16: Business turnover by region, USD m



Source: Ukrstat

- **FDI distribution in Ukraine is highly concentrated in a few regions.** As of Q2 2024, Kyiv City holds 42.5% of total foreign direct investment, followed by Dnipropetrovsk (14.0%) and Kyiv Region (4.6%). The remaining regions have significantly lower shares, with six regions holding less than 1% each, indicating a concentration of investment in a few key areas.
- **A number of regions managed to increase FDI despite the challenges of the full-scale invasion.** Cherkasy, Ivano-Frankivsk, Chernihiv, and Kyiv regions saw growth in FDI during the war, driven largely by the agricultural sector. Investments from countries like the U.S., Switzerland, Cyprus, and Denmark supported this positive trend, showcasing resilience in these regions. But certain regions experienced a significant decline in FDI, particularly in frontline areas. Mykolaiv, Kharkiv, and Zaporizhzhia saw over 40% reductions in FDI, mainly due to the withdrawal of investments from the manufacturing sector.

Data Sources



Key Data Sources

- [National Bank of Ukraine](#)
- [Cabinet of Ministers of Ukraine](#)
- [Ministry of Finance of Ukraine](#)
- [Ministry of Economy of Ukraine](#)
- [National Securities and Stock Market Commission](#)
- [State Statistics Service of Ukraine \(Ukrstat\)](#)
- [State Customs Service of Ukraine](#)
- [Ukrainian Demography portal](#)

Specific Data Sources

- [UNHCR](#): Refugee and displacement data
- [CIA World Factbook](#): Population and mortality data
- [World Bank](#): Demographic and labor market trends
- ['Ukraines Statistics Yearbook \(in Ukrainian\)](#): Diversified statistics for 1991-2021
- [Centre for Economic Strategy](#): Ukrainian Refugees Study
- [WorldData.info](#): Transport and infrastructure in Ukraine
- [Ukrzaliznytsia \(Ukrainian Railways\)](#)
- [Energy Map](#)
- [Fourth Rapid Damage and Needs Assessment \(RDNA4\)](#)

Ukraine in Focus

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